Issues in Teaching Asian Economics Today
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The Case for Asian Economics in the Liberal Arts Curriculum
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Thirty years ago, the drive to introduce Asian studies courses into the curriculum must have presented a dilemma, if not a struggle, for most colleges and universities. This dilemma must have been especially apparent at liberal arts colleges. As Linda Lewis and Jonathon Wolff (2000) alluded to in their panel presentations, while 
heritage learners may provide an impetus for promoting Asian studies courses, is there the demand for such courses on a campus with few Asian-American students? In the recent past, I would imagine that it was primarily Asian scholars who made the case for the introduction of courses in all of the established disciplines; history, political science, sociology, philosophy, religion and economics. Today, a brief perusal of the web indicates a burgeoning of Asian Studies courses and the explicit establishment of the Asian studies major at both large universities and small colleges—liberal arts schools in particular.

Thus when I proposed the introduction of an Asian Economics course at Furman University in 1998, which already has a well-established Asian Studies program, my task was facilitated by the whole-hearted support of the Asianists and the university at large long acclimated to innovations in the field. My fellow Asian studies faculty colleagues were quite pleased to have Asian Economics as an additional course offering for the social science component required of all Asian studies majors.

Why Develop a Separate Economics Course on Asia?

My attempt to answer this question in the section above represents but a partial answer. Given that most of the students have only a limited exposure to Asian studies, I assume that they have even less knowledge about how economics and economic theory in general can be related to the study of Asian economics. I set out therefore to demonstrate how this particular set of countries in Asia presents microcosms for understanding economic development in the context of a rapidly changing global economy.

My starting point in the course is to ask, “Does it not seem reasonable that one needs to have some understanding of how three-fourths of the rest of the developing world lives?” I remind students that India and China, two of the most populous nations in the world, are at precisely the point in their development path of attempting to move from traditional to modern economic societies. Then I ask, who are the students who would typically enroll in this course? A few of them are Asian studies majors, many of whom have been on foreign study in Japan and China, and, more often than not, bring to the course a sound perspective on the nexus between culture and economic development. A few others show interest in the region, and are sensitive to and aware of the fact that Asia is fast becoming a major player in global trade and economics.

Other reasons for emphasizing the economies of Asia include:

- Asia’s emergence as a global market (which includes the world’s second largest industrial economy, Japan, and burgeoning consumer markets in China and India)
- Asia’s rising prominence as a trading partner
(Approximately 41% of agricultural exports from the United States flow to Asia (USDA Homepage) while trade between Asia and the United States amounts to about $800 billion per year, more than double the total value of trade with Europe.)

- Asia's emergence as a competitor (With China's recent entry into the World Trade Organization, the era of Japan-bashing has been replaced by China-bashing. Most of our students are content with the popular images portrayed in the press that nations are in competition with each other, and trade with Asia implies fewer jobs and lower wages in the U.S.)

- The relevance of economics in underlying the geopolitical security in Asia. (While the United States has withdrawn from Vietnam, nearly 50,000 troops remain in Asia, mostly in Japan, South Korea, and the Philippines. With the Cold War seemingly over, recent events in North Korea provide an opportunity to reiterate to our students that politics and economics are interrelated.)

The General Design of the Course: Books, Articles, Films, and Web Pages

One is once again forced to confront the limitations of the student audience. Most of the students have had only a one semester introductory course in economics, restricting the choice of texts and articles to materials that address basic fundamentals relating to understanding both economic development and the policy debate on government intervention versus market capitalism in production and consumption. Two books that fit very well and serve the purpose given my outlined objectives are:

- "The East Asian Miracle: Economic Growth and Public Policy," World Bank Policy Research Report, 1993. This report makes the case that East Asia (with its eight HPAE's) indeed experienced nothing short of extraordinary growth between the period 1960-1995 when compared with other developing regions in the world such as Latin America and Sub-Saharan Africa or even the OECD economies.

- The Economies of Southeast Asia: The Growth and Development of ASEAN Economies, by Jose Tongzon, 1998. In contrast to the report above, this work, in emphasizing East Asian development rather than the miraculous nature of its growth, illustrates the role of institutions in the development process and the implicit role of economic and political cooperation embedded in the Association of Southeast Asian Nations (ASEAN), the ASEAN Free Trade Area (AFTA) and in the enhanced trade among the Pacific Rim nations, Canada, Australia and the United States—Asia Pacific Economic Community (APEC). Further, the author, a senior researcher at the University of Singapore, presents a perspective on the process of development in Asia that is first-hand rather than a vicarious account of the development process.

There are a number of articles on Asia available in leading scholarly academic journals in economics and political science, as well as in area or country specific journals. Serial publications like the Wall Street Journal and New York Times present timely articles on the Asian Crisis (1998-99) and the recovery of Asia in the aftermath of the recession. The trick is to choose an appropriate set of readings consistent with what students should take away from a course of this nature.

As a case in point, Paul Krugman's (1995) classic but controversial paper questioning the very notion of the miracle can be contrasted with Nelson & Pack's (1998) article on assimilation versus accumulation theories on Asian economic growth. I have found the journal Foreign Affairs an excellent source for contemporary articles on the political economy of Asia. Nye's (1995) article on the case for enhancing U.S. military presence in Asia is perhaps more relevant today given the North Korean nuclear reactor crisis—a timely topic certain to promote discussion and debate in the classroom. I use such articles to introduce the notion of political economy as a foil to pure development models of the economy. There is value added by placing regional studies in a broad, interdisciplinary framework. Such an interdisciplinary approach helps to better illustrate the historic paths of development in East Asia. For example, students come to understand that Japan would not be the second biggest economic power in the world without the continuing presence of U.S. troops in Japan after World War II.

A host of short country-specific films are available which not only illuminate the transition and development process, but also relate economics to the broader cultural context of the country. These include:

- Taiwan: A Force to be Reckoned With. (30 min), BBC Education & Training.
- Asian Values Devalued an ABC Australia/Sciences (39 minutes), Princeton, NJ Films for the Humanities and Sciences, 1998.

The course thus includes the following: lectures, required readings, discussions of assigned articles and films, group presentations and individual and group papers. This multifaceted approach seems to work quite well, giving the students a better appreciation of the economic, political, institutional and cultural changes that have taken place in the East Asian economies over the last four decades.

An aspect of the class that has worked especially well is the group paper. I assign the students to groups of three or four and ask them to choose a country in Asia that they want to study. The paper requires that the group highlight
the path of development and the stylized economic facts and figures for the Asian country, and identify the sources of growth. Most importantly, the group must discuss explicitly whether or not trade has been an engine of growth in this economy. If their research suggests that trade has not played a major role, I ask the group to discuss what other factors, stylized facts, institutional and political factors have contributed to development and growth.

In a related assignment, I ask the students to prepare a webpage on their particular country. I tell the class to assume that we have no knowledge of the country, be it China, Indonesia or Singapore, and that this is their opportunity to educate us on the politics, history, culture and institutions via a visual medium. I deliberately allow this flexibility that represents a departure from economics to better integrate the course material into the broader contexts of Asian studies and the liberal arts as well as to promote interest in language study and study abroad. To the extent that our courses facilitate this, we have done our duty as Asianists and academics. I accordingly place a substantial weight of the total grade on the web page and their in-class presentation.

Is Asian Economics Consistent With a Liberal Arts Mission?

In 1968, Furman established the Asian-African requirement, which mandates that all students are required to take at least one course from the Asian-African Program (these courses are designated with a suffix 'A'). Furman's course catalog captures the ethos of this requirement quite well:

The Asian-African program emphasizes major dimensions of experiences from the non-Western two-thirds of humanity. By offering students knowledge of Asian and African civilizations, it provides fresh perspectives on their own cultural heritage and helps them toward a broader and deeper understanding of a rapidly changing world.

In sum, it asserts that no person can be liberally educated without knowing something about a culture other than his or her own. Whether the course I describe above fits the template of the Asian Studies Major in the larger academic community is a little harder to answer. I offer this as a response and observation. A perusal of course catalogs of other schools with Asian Studies majors reveals the following: few schools have an explicit course on the economics of Asia, and even fewer yet have a specific regional economics course on say, China or Japan. Why is it then, that there are a plethora of courses within the humanities and other social sciences? The reason I believe relates to the pace of development of regional studies across disciplines. Traditionally, history emphasizes regional analysis. One can turn the history of China into three courses with considerable ease—for example, ancient Chinese history, 19th century Chinese history and early 20th century Chinese history. Likewise, the fact of widely divergent political ideologies across regions has prompted political scientists to develop separate courses on governments and their role in China and Japan. Further, the religions of Buddhism and Hinduism beg to be included in an Asian Studies curriculum, as do Chinese and Japanese philosophy. The emergence of regional studies in economics (or regional economics as it has come to be known today) is a far more recent phenomenon. In part, regional economics has been slow to develop because economists have been unable to access good data. And good data, after all, is the mother lode of the effective economist. The advent of the internet has greatly facilitated the availability of good and accurate data from the Asian continent, enabling the economics profession to engage in what it does best—undertaking empirical investigations of regional developments.

In conclusion, I will assert that including a course on Asian economics in the curriculum will encourage a broader interdisciplinary understanding of Asia, an understanding prerequisite to meeting future challenges facing America. Former Secretary of Education Richard W. Riley says:

"America has much to offer Asia and Asia has much to offer the American people. But we cannot build an enduring and positive relationship on a foundation of ignorance. If all that our children know about Asia is that Play Station Two is built in Japan, panda bears come from China, and Jackie Chan makes movies in Hong Kong, then we have not prepared our children for the coming times. The economic, political and cultural forces at work in Asia right now will have a profound impact on America's future in the 21st Century."\(^6\)

America's economic future is closely linked to the economies of Asia, underscored by the fallout from the Asian crisis of 1998. Recent diplomatic tensions between the United States and North Korea call for peaceful solutions to continue economic cooperation in the region. China is no longer a sleeping dragon, and India is no longer mired in the Gandhian politics of socialist ideology. A careful look at the items we regularly buy will undoubtedly reveal that a significant proportion of goods in the U.S. are imported from Asia. Asia is constantly in the news and is a topic for discussion on an almost daily basis. If Asia's destiny has become so intertwined with American life, we have no choice but to better understand the economies of East and South Asia. I have attempted to make the case here that the costs of developing a course on the economies of the Asian region are not particularly large, but the payoff and benefits from the effort could be potentially large and timely. With a little effort, liberal arts colleges can pursue this challenge and include course on the economies of Asia within their curricula.

Notes

1. Paper presented at the 2003 ASIANetwork Conference, Greenville, SC.


United States Department of Agriculture (USDA) Homepage (www.usda.gov)


National Campaign on International Education in our Schools, (www.asaiintheschools.org/report.htm)

The End of Growth in Japan: Three Simple Models for Undergraduate Economists
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Introduction

The purpose of this paper is to look at how Asia can be brought into the economics curriculum. Certainly it should rank high on the radar screen for any number of reasons. The Asian financial crisis of summer 1997 is a good example of the trauma wrought by financial instability. China’s economy has come from nowhere, the most successful of the “transition” economies. Indeed, it has been the world’s fastest growing economy for twenty years, with a quadrupling of real per capita incomes that has transformed the lives of a fifth of the world’s population in less than a generation. Even India has outgrown the U.S. and the E.U. the past several years, by a factor of 2 or more. But my background is Japan, and I choose to argue from what I know best.

There is a compelling case for including Japan’s economy as a paradigm in any economics course. One impetus is pragmatic, that Japan is “important.” It is the second-largest developed economy, after the U.S., and (outside of NAFTA) America’s largest trading partner. A second is that Japan poses interesting questions. For example, in the last half-century, it is the only major economy to undergo a full decade of stagnation; only the much smaller Switzerland has experienced something similar. Finally, Japan is the first developed economy to confront deflation since the Great Depression, and with it the collapse of the effectiveness of monetary policy. It thus offers an important contemporary example of a “liquidity trap,” a phenomenon that had over time become a footnote in introductory “Principles” textbooks. Obviously this is a selective set, and all three are fundamentally macroeconomic in nature. When it comes to macroeconomics, I believe that if you are to do a good job of linking theory to the real world, you must employ Japan as an example.

Now economists distinguish themselves by employing models, and indeed the classes we teach are typically organized on that basis. Bluntly, we don’t structure our courses because something is “important” or “interesting” on its own, but instead seek to instill an analytic approach to understanding the world. However, in a liberal arts environment, we should be constantly trying to cast our vision beyond the presentation of technical material. In teaching economics, the challenge is to fight the bias to present only models. To teach in a liberal arts context, or to teach economics well, requires a willingness to omit material, to cover only part of the text, so as to concentrate on applications and links to problems important, or interesting, or illuminating. The following three examples are presented in this light. At their core lies theory, because that is the surest way to communicate with colleagues in economics. What I hope I accomplish, though, is presenting three real-world examples that feature Japan. Indeed, I will go further, and claim that looking at Japan highlights the centrality of models that a U.S.-centric approach may overlook. Japan has something to teach economists, as well as serving as a tool for teaching our students.

Growth Models: Changes of Stocks in Japan’s Economy

‘You can’t squeeze water from stone.’ This is the essence of the “classical” model of growth that would be taught in many introductory classes. If we can understand what is happening to the growth of the labor force and to investment, then we can place an upper bound on growth. In the late 1950s Robert Solow and others plugged in numbers, using data on the stock of labor and the stock of capital (the value of buildings, cars, machinery, roads and other productive assets). To their initial surprise, their efforts explained only about half of U.S. growth; the balance, unexplained sources of growth, were later dubbed technical change. Applied to Japan, this sort of straightforward exercise helps delineate what mattered for, and what limited, growth.

Capital growth is a major component; high investment gave workers more, and better, equipment with which to work. This is not restricted to machinery. In Japan, new houses and office buildings are more comfortable than old—better lit, better cooled. All of this contributes to output...